

## AGENDA

### COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

**April 19, 2004**

**Aldermen Forest, Gatsas,  
Osborne, Porter, Lopez**

**5:15 PM**

**Aldermanic Chambers  
City Hall (3<sup>rd</sup> Floor)**

1. Chairman Forest calls the meeting to order.
2. The Clerk calls the roll.
3. Communication from Alderman Shea relative to procedures for citations.  
**Gentlemen, what is your pleasure?**
4. Communication from Karen Nault seeking permission to hang a 60-foot banner across Elm Street marking the start of the 12<sup>th</sup> Annual CIGNA HealthCare Corporate 5K Road Race on Thursday, August 12, 2004 from 5:00 PM until immediately after the start of the race.  
**Gentlemen, what is your pleasure?**
5. Communication from Joan Porter, Tax Collector, suggesting departmental input regarding ultimate utilization of electronic forms of payment.  
*(Note: on 03/15/2004 voted that a study be conducted by Finance, Water, EPD, Tax, and Information Systems on cost estimates and implementation of an electronic form of payment starting with water and sewer billing combined.)*

### **TABLED ITEMS**

**A motion is in order to remove any of the following items from the table for discussion.**

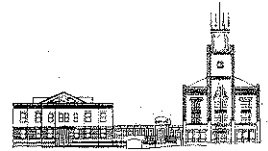
6. Communication from Diane Prew, Information Systems Director, advising that the Mail Operation Committee met to review the proposals and as a result a new proposal from Pitney Bowes was received that the committee will be meeting shortly to review.  
*(Tabled 10/07/2003)*

7. Communication from Leo Pepino requesting that the Board of Mayor and Aldermen provide all World War II veterans with a medal similar to those given to Manchester's soldiers after World War I.  
*(Tabled 11/18/2003 pending State legislation.)*
8. Financial Restructuring proposal – response from Mayor, if available.  
*(Note: Mayor was requested to choose two departments.)*  
*(Tabled 03/15/2004)*
9. Communication from Alderman Osborne requesting the contract compliance issues noted in the management letter be referred to the Committee on Administration.  
*(Tabled 03/15/2004 pending review of management letter.)*
10. Draft Resolution in opposition to HB 1416-FN “extending the property tax exemption for wooden poles and conduits and establishing a committee to study issues related to the exemption” referred to committee by the full Board to monitor.  
*(Tabled 03/15/2004 pending vote of the State Legislature.)*
11. Report from City Solicitor regarding requested language for charter amendment relating to internal auditor and primary elections, if available.  
*(Tabled 03/15/2004. Formerly considered as part of a communication from Alderman Lopez.)*
12. If there is no further business, a motion is in order to adjourn.



# CITY OF MANCHESTER

## Office of the City Clerk



Leo R. Bernier  
City Clerk

Carol A. Johnson  
Deputy City Clerk


Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

### MEMORANDUM

To: Leon LaFreniere, Building Commissioner  
Fred Rusczek, Health Officer  
Frank C. Thomas, PE, Public Works Director

From:   
Leo R. Bernier  
City Clerk

Date: March 17, 2004

Re: Procedures for Citations

Please be advised that in action taken by the Board of Mayor and Aldermen at a meeting held on March 16, 2004, it was voted to refer the enclosed communication from Alderman Shea to the Committee on Administration/Information Systems so they can meet with the various departments that issue citations to explore alternatives to better address this enforcement process.

It is anticipated that this item will appear at the next committee meeting tentatively scheduled to be held on April 27, 2004.

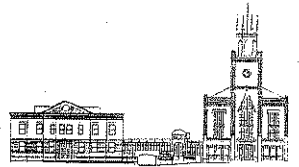
Enclosure

3



# CITY OF MANCHESTER

## Board of Aldermen



Memo To: Board of Mayor and Aldermen

From: Alderman William P. Shea

*W. P. Shea*

Date: March 16, 2004

Re: Procedures for citations

Several City departments issue citations for various offenses. It appears to me that in some instances there is no follow up on payments, and many times the result is a lack of addressing the offense for which the citation was issued.

I am requesting that this issue be referred to the Committee on Administration so they can meet with the various departments that issue citations, such as Building, Health and Highway, to explore alternatives to better address this enforcement process.

IN BOARD OF MAYOR & ALDERMEN

DATE: March 16, 2004

ON MOTION OF ALD. Shea

SECONDED BY ALD. DeVries

refer to the Committee on  
VOTED TO Administration/Info Systems.

*Paul Bernier*  
CITY CLERK

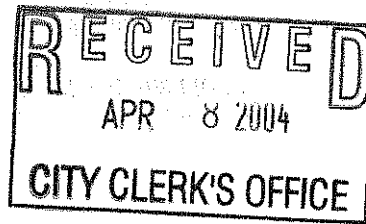
**Karen Nault**  
CIGNA HealthCare 5K Corporate Road Race  
Committee Member



CIGNA HealthCare

April 5, 2003

Mr. Leo Bernier  
City Clerk, City of Manchester  
One City Hall Plaza  
Manchester, NH 03101



Routing 454  
Two College Park Drive  
Hooksett, NH 03106  
Telephone 268.7707  
Facsimile 603.268.7905  
karen.nault@cigna.com

Dear Leo:

Please accept receipt of this letter as a formal request, on behalf of CIGNA HealthCare of New Hampshire, to hold the 12th Annual CIGNA HealthCare Corporate 5K Road Race in Manchester on Thursday, August 12th, 2004, at 6:20 PM. The road race is open to corporate teams and individual runners, walkers and wheelchair entrants. Veterans Park will be the registration and awards site.

We anticipate that approximately 6,000 runners and walkers will participate in this year's event, with race proceeds to benefit Special Olympics New Hampshire.

The race course is the same as in previous years and is as follows: *A 5K (3.1 mile) loop starting at Amherst & Elm Street, heading north on Elm Street, turning west on Thayer, south on River Road & Canal Street, and finishing on Merrimack Street, next to Veterans Park.*

In order to have time to set up, we are anticipating the need to close Merrimack Street, from Elm to Chestnut, beginning at 2:00 PM on August 12th. Local traffic would be able to access the east end of the block, from Chestnut to the Merrimack Street Garage. I will be speaking with Sgt. Kinney about posting temporary no parking signs along Merrimack Street that day, to facilitate set up of the finish line and staging. Sgt. Kinney has also assisted us in the past by obtaining the approved permit from the city's police, fire, and highway departments. I will be approaching him again this year to obtain those permits.

In addition, as in previous years, we are also seeking permission from the city to hang a 60-foot banner across Elm Street marking the start of the race. The banner would be set up at 5:00 PM and be removed immediately after the runners and walkers have passed.

I will fax the completed permit, as well as the certificate of insurance that CIGNA HealthCare obtains for the event, as soon as I receive them. Thank you for your consideration, and we look forward to hearing from you soon.

Sincerely,

Karen Nault  
CIGNA HealthCare 5K Corporate Road Race  
Committee

cc: Deborah Wing, CIGNA HealthCare  
Bob Teschek, Granite State Race Service

*Proud National Sponsor of the March of Dimes® WalkAmerica . . . the Walk that Saves Babies*

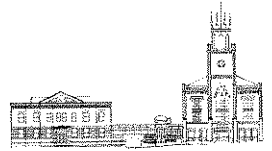
"CIGNA HealthCare" or "CIGNA" refer to various operating subsidiaries of CIGNA Corporation. Products and services are provided by these subsidiaries and not by CIGNA Corporation. These subsidiaries include Connecticut General Life Insurance Company, Tel-Drug, Inc. and its affiliates, CIGNA Behavioral Health, Inc., Intracorp, and HMO or service company subsidiaries of CIGNA Health Corporation and CIGNA Dental Health, Inc.

4



# CITY OF MANCHESTER

## Office of the City Clerk



Leo R. Bernier  
City Clerk

Carol A. Johnson  
Deputy City Clerk

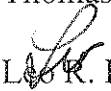
Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

### MEMORANDUM

To: Kevin Clougherty, Finance Officer  
Joan Porter, Tax Collector  
Diane Prew, Information Systems  
Thomas Bowen, PE, Water Department Director  
Thomas Seigle, EPD

From:  Leo R. Bernier  
City Clerk

Date: March 22, 2004

Re: Study of cost estimates and implementation of electronic form of  
payments starting with water and sewer billing combined.

Please be advised that in action taken by the Committee on Administration/  
Information Systems at a meeting held March 16, 2004, it was voted that a  
study on the above subject be performed and brought back to the committee at  
their next meeting.

It is anticipated that this item will appear on the agenda of the upcoming  
meeting tentatively scheduled to be held on April 27, 2004.

CC: Joanne Shaffer



**City of Manchester  
Office of the Tax Collector**

City Hall  
One City Hall Plaza – West  
Manchester, New Hampshire 03101

(603) 624-6575 (Phone) Web Site: [www.ManchesterNH.gov](http://www.ManchesterNH.gov)  
(603) 628-6162 (Fax) Email: [jporter@ManchesterNH.gov](mailto:jporter@ManchesterNH.gov)

Joan A. Porter  
Tax Collector

September 30, 2003  
Mayor Robert A. Baines  
1 City Hall Plaza  
Manchester, NH 03101

Dear Mayor Baines,

On September 11, 2003, I met with representatives from Finance and Information Systems regarding your request for an implementation strategy for electronic forms of payment.

The Finance Department informed me that this issue has been discussed with Citizens Bank on numerous occasions. The Information Systems Department has also been involved in many of these discussions. I believe the consensus of opinion is that this issue should be sent to the Committee on Administration (or Committee on Accounts) for research to determine the extent of financial investment the City is willing to absorb in relation to the number of citizens who will utilize these types of payment.

In the interim, the Tax Collector's office can have a survey available to walk-in customers. The results of this survey may give the Committee some idea of the general population's eagerness to pay electronically and acceptance of the resulting fees. Tony Schaffer of Information Systems has stated that he would be willing to prepare an online survey once the Committee has determined the questions to be asked. Should you wish to pursue a more in-depth survey, Kevin Clougherty has suggested that the City utilize UNH for a fee as was done recently by Bond Counsel.

My suggestion would be that you ask the Committee on Administration to put this item on its agenda and that they request input from Finance, Information Systems and all departments who will ultimately utilize electronic forms of payment.

I look forward to an in-depth analysis of electronic forms of payment.

Sincerely,

Joan A. Porter  
Tax Collector

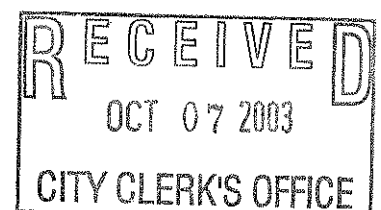
11/18/03 - Tabled.  
Dept. heads to come  
back with survey  
results in January  
2/18/04 - " "

RECEIVED

OCT 01 2003

MAYOR'S OFFICE

3/15/04 - study by Finan,  
WW, EPD, TC, Info. on  
cost estimates + implementability  
starting w/ water & sewer  
bring back to cte.



5

**From:** Carol Johnson  
**To:** ralph.henault@citizensbank.com  
**Subject:** presentation

We have tentatively scheduled a presentation on the electronic forms of payment issue before the Committee on Administration for March 15 at 5:30 PM.

In the event the date is moved we will advise you. Should this date present a problem for you or staff, please advise ASAP.

**CC:** Clougherty, Kevin; Porter, Joan

5



**From:** "Henault, Ralph" <Ralph.Henault@CITIZENSBANK.com>  
**To:** 'Carol Johnson' <CJOHNSON@ci.manchester.nh.us>  
**Date:** 2/20/04 10:29AM  
**Subject:** RE: presentation

Hi Carol:

This will confirm our attendance for the presentation to the Committee on March 15, at 5:30 P.M.

Thank you,  
Ralph Henault  
Kim Little

-----Original Message-----

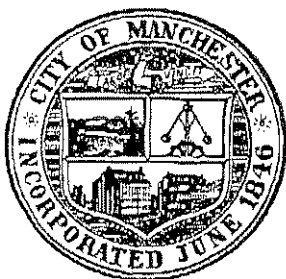
From: Carol Johnson [mailto:CJOHNSON@ci.manchester.nh.us]  
Sent: Thursday, February 19, 2004 10:45 AM  
To: Henault, Ralph  
Cc: Joan Porter; Kevin Clougherty  
Subject: presentation

We have tentatively scheduled a presentation on the electronic forms of payment issue before the Committee on Administration for March 15 at 5:30 PM.

In the event the date is moved we will advise you. Should this date present a problem for you or staff, please advise ASAP.  
\*\*\*\*\*This information may be confidential and/or privileged. Use of this information by anyone other than the intended recipient is prohibited. If you received this in error, please inform the sender and remove any record of this message.\*\*\*\*\*

**CC:** Joan Porter <JPORTER@ci.manchester.nh.us>, Kevin Clougherty <KCLOUGHERTY@ci.manchester.nh.us>, "Little, Kim" <Kim.Little@CITIZENSBANK.com>

5



**City of Manchester  
Information Systems Department**

100 Merrimack Street  
Manchester, New Hampshire 03101-2210  
Phone (603) 624-6577  
Fax (603) 624-6320  
www.ci.manchester.nh.us

10/5/03 -  
11/18/03 - Renamed  
Diane S. Prew  
Director  
2/18/04 - "  
3/15/04 - Renamed  
Tabled

October 1, 2003

Committee on Administration/Information Systems  
C/O City Clerk  
One City Hall Plaza  
Manchester, NH 03101

RE: Mail Operations Committee

Dear Committee Members:

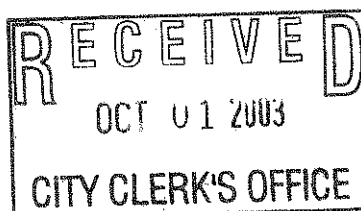
The Mail Operation Committee met to review the proposals submitted by Pitney Bowes and FORMAX. Numerous issues were discussed. Technical personnel met with William Lustig at Pitney Bowes on September 4<sup>th</sup> to see a demonstration of the proposed equipment and discuss technical issues. Based upon our meeting with Pitney Bowes, Mr. Lustig submitted a new proposal to the City. This proposal was received on September 22<sup>nd</sup>. The Committee will be meeting shortly to review this proposal.

We will keep you informed of our progress.

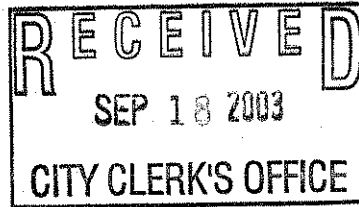
Sincerely,

Diane S. Prew

CC: Joan Porter  
Frank Thomas  
Tom Bowen  
Matt Normand  
Tony Schaffer



6



11/18/03 - tabled  
pending State  
Legislation.  
2/18/04 - "  
Leo Pepino 3/15/04 -  
73 Walnut Street Remained  
Manchester, NH 03104 Tabled

**IN BOARD OF MAYOR & ALDERMEN**

September 18, 2003

**DATE:** October 7, 2003

**ON MOTION OF ALD.** Lopez

Honorable Board of Mayor and Aldermen  
c/o City Clerk's Office  
One City Hall Plaza  
Manchester, NH 03101

**SECONDED BY ALD.** Thibault

**VOTED TO** refer to the Committee on  
Administration/Info Systems.

Members of the Honorable Board:

City Clerk

After World War I, all veterans from Manchester received a medal from the city. After World War II, all veterans from Manchester were promised a letter of commendation, but for some reason the letters were never sent. I am writing now to ask the Board to fix this.

I am asking the Board to provide all World War II veterans with a medal similar to those given to Manchester's soldiers after World War I. This is how it would work:

- First, eligible veterans would have to apply to the city for their medal. I do not think it would be practical for the city to research the names of all World War II vets from the city, never mind locate them or their families today.
- Second, to be eligible for this recognition, I would propose that the veteran at the time of such service was a bona fide resident of Manchester. While we honor all veterans who served in World War II, our goal is to recognize the sons and daughters from Manchester who fought this war.
- Third, they would have to provide proof of their service, such as their honorable discharge papers. Families wanting posthumous recognition for their loved ones would also provide a death certificate.

Many cities and towns are providing special recognition for World War II vets and the state is considering a bill to do that too. Manchester should recognize and thank its veterans for their sacrifices, which saved the world and kept us free.

I have enclosed a copy of the World War I medal that could be used as a model for this proposal. Thank for you time and consideration of this request.

Sincerely,

Leo Pepino

7



7

To the Board of Mayor and Aldermen of the City of Manchester.

Gentlemen:

The special committee appointed for the purpose of arranging for the reception of returning Soldiers and Sailors, would report that the Committee, together with his Honor the Mayor, have discussed a suitable testimonial and unanimously agree to accept as a design for a medal, the idea of a local sculptor, Mr. Lucien Gosselin, and the Committee would recommend that the sum of Thirty-five Hundred Dollars (\$3500) be placed in the 1919 Budget for the expense attached to the manufacturing and distribution of these medals.

Respectfully submitted,

William J. O'Brien

Clerk of Committee.

Dec 17, 1918. In Board of Mayor and Aldermen. Referred to the Committee on Finance.

A true Record. Attest:

City Clerk.

12-17-1918

consider it an added pleasure to be permitted to do so.

Mayor Benoit presented for consideration a certificate of appreciation which was presented by the City of Manchester to Veterans of World War No. 1. He stated that he felt a similar certificate should be provided for all Veterans of World War No. 2, and would suggest that he be authorized to secure estimates of the cost involved.

Ald. Bergquist inquired if he had taken the question up with the Art Department at the High School as suggested at a prior meeting of the Committee on Finance when this question was considered.

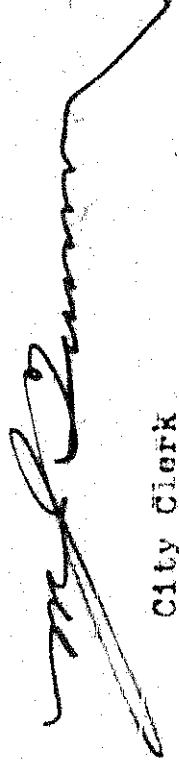
Mayor Benoit advised that he has taken this question up with a local printer who will furnish an artist's services free of charge to the City besides printing the certificates at cost, and he feels this offer will be more profitable to the City for if the services of an Art Teacher is secured, they will have to be reimbursed for their services.

On motion of Ald. Hannon, duly seconded by Ald. Poirier, it was voted that His Honor, the Mayor, be authorized to secure estimates of the cost of furnishing certificates of appreciation which will be presented to all local Veterans of World War No 2 of the City of Manchester.

On motion of Ald. Bergquist, duly seconded by Ald. Foster, the meeting adjourned.

A true record. Attest.

11/28/1945



City Clerk

Mayor Benoit presents for cons. certificate of appreciation to be presented to all World War II Veterans of the City of Manchester

Ald. Bergquist.

Mayor Benoit

Mayor authorized to secure estimate of cost of printing certificates.

Meeting adjourns.



**CITY OF MANCHESTER**  
**Office of the City Clerk**




Leo R. Bernier  
City Clerk

Carol A. Johnson  
Deputy City Clerk

Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

Memo To: Mayor Robert Baines  
From: C. Johnson   
Deputy City Clerk  
Date: February 19, 2004  
Re: Financial Restructuring/Department choices

The Committee on Administration has requested that you appoint two departments to participate in a pilot financial restructuring which they understand you originally proposed.

Initially the City Clerk's office and the Economic Development office had volunteered to participate. However, the Committee felt that two departments of similar size should be chosen. Formerly, there was discussion of utilizing larger departments. Presently there are no other volunteers to participate in the project.

The Committee therefore suggests that you choose two departments and advise the department heads that you wish them to participate. Please advise the Committee of your choices. The next meeting of the Committee is tentatively scheduled for March 15<sup>th</sup>.

Should you have any questions regarding the process taken to date, I am sure Kevin Dillon would be happy to update you.

C: Kevin Dillon  
Committee File

8



# CITY OF MANCHESTER

## Office of the City Clerk

10/11/03 - Rec'd. Date: 10/11/03  
Admin. Restruct. Comm. for test  
dept. rec.  
2/18/04 - Mayor do select two  
depts. to participate

Leo R. Bernier  
City Clerk  
Carol A. Johnson  
Deputy City Clerk  
Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

### MEMORANDUM

To: Kevin Dillon, Airport Director

From: Lisa Thibault, City Clerk's Office *Lisa*

Date: September 4, 2003

Subject: Financial Restructuring

Enclosed for your records is a copy of your communication regarding the above referenced reflecting action by the Board of Mayor and Aldermen to adopt recommendations one and two and to refer the whole issue to the Committee on Administration.

Enclosure





Manchester Airport  
One Airport Road  
Suite 300  
Manchester, NH  
03103-3395  
Tel: 603-624-6539  
Fax: 603-666-4101  
<http://www.flymanchester.com>

Kevin A. Dillon  
Airport Director

30 July 2003

Honorable Board of Mayor and Aldermen  
City of Manchester  
One City Hall Plaza  
Manchester, NH 03101

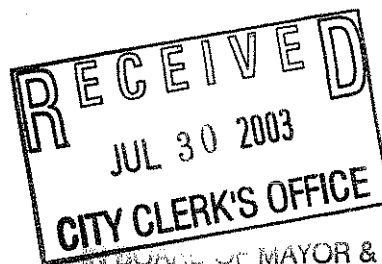
Dear Honorable Board:

During the past few months, a committee of department heads has been reviewing the financial management structure of the City's general fund departments to determine if there are greater efficiencies that can be realized from restructuring or realignment. This effort was undertaken at the request of the Mayor and in response to the Mayor's Select Committee on Finance Report (copy attached). The Department Head Committee's charge was to determine if financial restructuring or realignment should be pursued.

The Department Head Committee effort was initiated with a consultation session where all Department Heads were invited to participate. Most departments were represented at this meeting. From that session, a committee of Department Heads was formed to further review the issue. This Committee consists of Tom Clark; Kevin Clougherty; Kevin Dillon; Joseph Kane, Virginia Lamberton; Robert MacKenzie, Diane Prew, Fred Rusczeck and Frank Thomas.

As a result of its deliberations, the Committee has reached a general consensus that the concept of financial realignment or restructuring may lead to greater efficiencies in the financial management of City general fund departments. This greater efficiency is defined as "the delivery of optimum financial services in the most effective manner." This efficiency may or may not result in cost savings. However, the goal of restructuring should be first and foremost, the enhancement of City department services to the public. In this regard, the Committee believes it is good business practice to move forward with a limited restructuring effort. While the Committee believes that the concept of financial restructuring or alignment in City general fund departments may have merit and should be further considered and pursued, there are a number of important considerations that must be addressed.

First, is the fact that each department has unique needs and characteristics. For example, the financial needs of the Planning Department with its handling of the CIP



DATE: September 2, 2003

ON MOTION OF ALD. Forest

SECONDED BY ALD. DeVries

VOTED TO adopt recommendations 1 and 2 and refer whole

issue to the Committee

*James A. DePina*  
CITY CLERK on Admin. Staff

8

Program are significantly different than the financial needs of the Economic Development Department. Each department has its own unique needs for financial information that is typically driven by its own unique responsibilities and mission.

The Committee's review of this issue showed that it is apparent that a one-size-fits-all approach to financial restructuring would most likely result in failure. Accordingly, before any financial restructuring or realignment proposal can move forward, the individual needs of each department needs to be considered and addressed. Each individual financial function needs to be reviewed, department by department, to determine if it would lend itself to restructuring.

It may, therefore, be prudent to test restructuring on a limited basis in one or two departments before proceeding further. This would allow the concept to be tested while addressing the participating departments' individual needs. If successful, this approach could serve as the template for restructuring the financial structure of other City departments, one-by-one, on an individualized basis and in an orderly fashion.

Another concern that needs to be addressed before financial restructuring can proceed, is the overall issue of pinpointing responsibilities as it relates to departmental finances. A clear statement as to who holds the financial responsibility for departmental finances needs to be developed and adopted by the Board of Mayor and Aldermen. If Department Heads are going to be held accountable for the overall performance of their departments, that performance has to necessarily include financial performance. Yet, under a financial restructuring initiative, responsibility for certain aspects of financial oversight may be shifted away from the department, making lines of authority and responsibility unclear. It would, therefore, be prudent for the City to issue a very clear statement of authority and responsibility detailing roles and responsibilities. This statement should address the Department Head's obligation to be responsible for overall management of their respective department, while at the same time acknowledging the Finance Officer's responsibility for financial process management. In any event, a clear understanding of roles and responsibilities, as well as the financial functions that will remain under departmental control and those that will not, needs to be delineated before any restructuring proposal can proceed.

Another significant issue that needs to be addressed before financial reorganization can be initiated is the apparent distrust that exists between the Finance Department and other City departments. This distrust, if not resolved, will most likely result in the failure of any restructuring proposal.

It appears that departmental mistrust is rooted in the awkward relationship that exists between the Finance Department and other departments as a result of the Finance Officer being responsible for both financial accounting, as well as the City internal auditing functions. In addition to being a poor financial management practice, the dual role of the finance officer has interfered with the development of appropriate relationships between the Finance Department and other City departments. Before any reorganization initiative is undertaken, the issue of the finance officer's dual role should be addressed with an eye toward separating these roles. This

will not only address the issue of how the Finance Department relates to other City departments, but will also address a weakness in the City's financial oversight structure.

Finally, the human resource implications of financial restructuring must be taken into account. It is clear that the success of any initiative will depend greatly on the buy-in of the employees involved in the effort. It will be difficult to obtain that buy-in if there is concern over the future of the employees' position. In view of this, consideration should be given to advising impacted employees that employment security will be protected and that any reduction in the workforce will be achieved through attrition. While employees could not be guaranteed that their individual positions would not change, they would be assured of continued employment. In some cases, those employees who have their existing positions eliminated through restructuring may be transferred to other departments or placed in an employee pool to be used in various City departments until permanent positions become available.

In conclusion, the Committee believes that the concept of financial restructuring may have merit. It is the recommendation of the Committee that a limited test of the concept be initiated. While the issues cited above have been discussed in broad terms, it is inevitable that more specific issues will arise during concept testing. Accordingly, it is also the recommendation of the Committee that it continue on and serve in an oversight and steering committee role charged with resolving all issues that arise during the trial phase of restructuring. Further, the Committee should be tasked with rendering a decision as to the utility of expanding restructuring to other City departments at the completion of initial testing.

If acceptable to the Board, the Committee recommends the following actions, in total, be pursued as a means of advancing the concept of City financial restructuring:

1. Designate one or two departments as test departments for financial reorganization for a six to twelve month period. The Economic Development Department and the City Clerk's Office have volunteered to participate. The Mayor will have the final determination as to which departments will participate.
2. Establish the existing Review Committee as the Steering Committee for the restructuring test. This Committee will resolve all issues that arise during the test and will render a judgment as to the desirability of expanding financial reorganization to other departments.
3. Take the necessary action to remove the internal audit function from the Finance Department.
4. Adopt a Policy Statement that delineates financial roles and responsibilities of the Department Heads and Finance Officer. Such statement should delineate the Department Head's responsibility for the overall management and performance of the Department including financial performance from the Finance Officer's responsibility for financial process management. The Mayor should be designated to resolve all issues regarding roles and responsibilities.

5. Adopt a policy dealing with human resource issues that arise during the reorganization initiative. Such policy should include assurances of continued employment and should also detail employee transfer procedures as well as provisions for an excess employee pool.

The Committee will be available to meet with the Board of Mayor and Aldermen at its next regularly scheduled meeting to provide an overview of its recommendations and answer any questions you may have.

Sincerely,



Department Head Financial  
Structure Review Committee

KAD/das

for

8

**Report**  
**Mayor's Select Committee on Finance Structure**  
**Manchester, New Hampshire**  
**November, 2002**

- A. **INTRODUCTION - SUMMARY.** The Mayor's Select Committee on Finance Structure (the Committee) was established by Mayor Robert A. Baines in late August 2002. The purpose of the committee was to examine a proposal (the Plan) put forward by the Finance Department regarding the consolidation of financial functions throughout various City departments.

At inception of the Committee's work, the Committee sought to achieve one of three outcomes:

1. Endorse the proposed Plan.
2. Recommend modifications to the Plan and endorse the Plan as modified.
3. Other.

*The committee has elected outcome 3, Other.*

The Committee does not endorse the Plan as presented, nor, based on information received, can it endorse a modified Plan. It is the Committee's opinion that the stated intent of the Plan, to improve the effectiveness and efficiency in the way financial services are provided and conducted, is a worthy goal. But, due to the process followed in developing and presenting the Plan, it was doomed to failure from the outset. The committee recommends that the Plan be returned to the Finance Department for redevelopment. This recommendation is detailed in Section D of this report.

- B. **ISSUES.** At the conclusion of their work, the Committee identified the following problems with the Plan as proposed by the Finance Department:

1. A clear "mission" was not defined and disseminated.
2. The Plan was created in a vacuum.
  - i. Respective department leadership impacted by the Plan was not involved.
  - ii. Human resource support was not involved in developing the Plan.
  - iii. Information technology support was not involved in developing the Plan.
  - iv. There was no buy-in sought for the Plan.
3. There exists a frightening level of distrust between City department leadership and the Finance Department.
4. City department leadership interprets the role of the Finance Department as "audit/investigate" versus "cooperative".
5. Due to the role of the Finance Officer as outlined by the City Charter and City Ordinance, the Finance Department also views their primary role as "audit", rather than service.
6. Unfortunately, a "hit list" of positions to be eliminated or restructured appears to have been circulated prior to the Plan being discussed with department leadership or those individuals involved.
7. How to deal with the human fall out resulting from implementation of the Plan was not addressed in the Plan.

- C. **CLARITY OF MISSION.**

1. With regard to the Plan in question:
  - i. A mission statement, developed in conjunction with the Mayor and the Aldermen, should have been adopted at the outset during development of the Plan.
  - ii. Such a statement could read as follows: "It is the responsibility and duty of all department heads and their respective employees to efficiently and effectively

DRAFT

utilize the human and fixed assets at their disposal in delivering services to the Citizens of the City of Manchester.”

2. With regard to consolidation in general:

- i. Consensus must be arrived at by the BMA with regard to consolidation, on a departmental and functional basis. For example: “It is agreed that departmental and functional consolidation must be examined. Our goal is to achieve greater financial efficiency without reduction of the level of product, service or performance in any department that may be impacted, while insuring the most prudent use of the taxpayers’ money.”

**D. ACTION.** It is the committee’s opinion that the Plan be returned to the Finance Department for redevelopment.

1. A task force needs to be established.
2. A facilitator should be hired to guide the work of the task force.
3. The task force needs to establish and buy-into the mission.
4. The BMA needs to endorse and support the mission and the work of the task force.
5. At minimum, all department heads that may be impacted by the Plan need to be represented on the task force.
6. Human Resources, Information Technology, and City Solicitor should be expected to provide support to the task force and be represented on the task force.
7. The task force should review the Plan and modify as appropriate.
  - i. Dealing with human resource issues such as reassignments, retraining and the elimination of jobs must be part of the plan.
8. Human Resources, with the cooperation of the respective department leadership, would conduct job/function reviews to determine the human impact of the plan and whether or not the plan can be implemented as proposed/modified.
9. Information Technology needs to determine the hard cost relating to IT in the plan.
10. Human Resources and Finance must quantify the Plan.
11. The task force provides final endorsement of the Plan and the savings involved.
12. The plan is presented and endorsed by the appropriate legislative process.
13. Action and implementation of the Plan.

**E. OTHER ISSUES.**

1. While financial restructuring may be a worthy objective, the Committee cannot quantify or qualify this objective based on the materials presented or the presentations heard. It is likely that there are cost reductions and operating efficiencies to be realized, but again, quantifying these results requires a great deal more study, as described in D above.
2. The internal audit function should be separated from the Finance Department and the Finance Officer. This function should report directly to the Mayor. There may be other alternatives to explore but the function should NOT report to the Finance Officer or the Finance Department.
3. The Finance Department is a service department. This posture would be more easily achieved once the audit function is separated from the Finance Officer.

DRAFT



4. It must be made clear and agreed upon that the Finance Officer reports to the Mayor, who is the Chief Executive Officer of the City. This fact is addressed in the City Charter and City Ordinances, clearly supported by the opinion of the City Solicitor, which has been documented in correspondence to the Mayor. The committee recognizes that the Finance Officer also has reporting responsibility to the Board of Mayor and Aldermen, but this in no way overshadows or minimizes the Finance Officer's responsibility to the Mayor. Currently, the Finance Officer believes he is responsible to the BMA only and not to the Mayor. If the opinion of the City Solicitor needs to be reinforced by amendment to the City Charter or additional City Ordinance(s), this should be pursued. It must be clearly understood that the Finance Officer is the CFO of the City, reports to the Mayor, and is responsible and accountable for the overall financial function of the City, including budgeting, financial reporting and long-range financial planning.
5. The City and School budgets total \$230,100,977 in spending. Of this amount, approximately 67% is related to payroll and benefits. Each percentage point of savings translates to \$1,550,957. If the City is to realize real savings in operations and achieve fundamental change in the way taxes are controlled, payroll and benefits are the obvious first place to examine.
6. Establishing an objective to put a plan in place that will save 2%, 5% or 10% of the annual payroll and benefits, providing meaningful savings and benefit to the taxpayers is attacking a fundamental problem we face as a city, limited resources. Focusing on one small portion or aspect of the City's overall operation, such as the financial function is merely applying a band-aid to the fundamental problem.
7. As mentioned earlier, there is a high level of distrust between existing department leadership and the leadership of the Finance Department. It is questionable whether the necessary level of trust can be established between these individuals that will allow them to develop and implement the Plan or any other level of departmental/functional restructuring.

The members of the Committee would be pleased to further review the matters discussed in this report at your convenience. Also, we appreciate the opportunity to be of service to you, the Aldermen, the City's employees, and the citizens of Manchester.

Respectfully,

Raymond E. Pinard  
Committee Chair

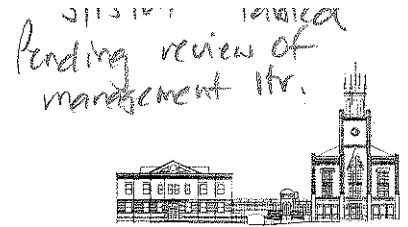
Enclosure

DRAFT

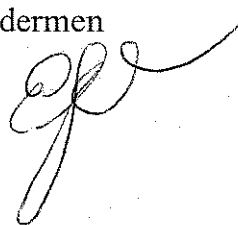
8



# CITY OF MANCHESTER Board of Aldermen



## MEMORANDUM

To: Board of Mayor and Aldermen  
From: Alderman Ed Osborne   
Date: February 10, 2004  
Re: Contract Administration

During discussions with the Auditor at the Committee on Accounts meeting on February 9<sup>th</sup>, concerns were presented regarding our contract administration.

I would like to have this issue referred to the Committee on Administration for review and recommendation to the Board of Mayor and Aldermen. It is my belief that at the very least all contracts should be reviewed by the City Solicitor. I also believe there should be a repository for all contracts.

C: City Solicitor  
Finance Officer

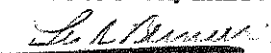
IN BOARD OF MAYOR & ALDERMEN

DATE: February 17, 2004

ON MOTION OF ALD. Osborne

SECONDED BY ALD. Lopez

refer to the Committee on  
VOTED TO Administration/Info. Systems.

  
CITY CLERK





**City of Manchester  
Department of Finance**

One City Hall Plaza  
Manchester, New Hampshire 03101  
Phone: (603) 624-6460  
Fax: (603) 624-6549

February 4, 2004

Alderman George Smith  
C/o Office of the City Clerk  
One City Hall plaza  
Manchester, NH 03101

Dear Alderman Smith,

Enclosed are copies of the DRAFT Fiscal Year 2003 Comprehensive Annual Financial Report (CAFR). The City's external auditor's McGladrey and Pullen LLC will be formally presenting the final report on Monday evening before the Aldermanic Committee on Accounts, Enrollment and Revenue Administration.

Also enclosed is a DRAFT Management Letter prepared by McGladrey along with the Finance Officer's response. The Management Letter has been shared with City Department Heads (copy of transmittal letter enclosed), and department responses to date have also been provided.

These DRAFT reports will serve as the basis for the meeting Monday night. I do not expect any significant changes between the DRAFT CAFR or DRAFT Management Letter and the final reports presented to the Committee on Monday.

Needless to say, the CAFR and Management Letter both reflect very positively on the City's internal controls and financial position.

Respectfully submitted,

Kevin A Clougherty  
Finance Officer

Cc: Mayor Robert A. Baines  
Scott Bassett

9

# DRAFT

Board of Mayor and Aldermen  
City of Manchester, New Hampshire

During the course of our audit of the basic financial statements of the City of Manchester, New Hampshire as of and for the year ended June 30, 2003, certain observations were made by our engagement team which may be of interest to you. These observations are as follows:

1) **Contract Compliance Officer**

**Observation:**

The City, aside from the Manchester Airport, does not have an individual who is responsible for maintaining and overseeing its various long-term contracts. Contract compliance is currently the responsibility of the various department heads or project managers assigned to a project. These individuals may have backgrounds in fields such as engineering or information technology which provide them with the knowledge to oversee portions of the projects, but generally these individuals will not have the expertise needed to properly administrate the contract itself.

In addition, the City does not have written policies and procedures regarding contract monitoring, periodic inspections, progress reporting, appropriations, change orders and progress payment approvals.

**Recommendation:**

Because contract compliance can be complicated from both a legal (prevailing wage rates/Davis Bacon Act, encouragement of women and minority owned businesses, etc.) and administrative (competitive bids, project appropriations, performance bonds, change orders, retainage, progress payments, state and Federal reporting, project close-out, etc.) standpoints, the City should consider hiring or designating an individual the responsibility of providing oversight for all large and long-term contracts the City enters into. This individual will also serve as the repository for the executed copies of all contracts and would periodically inspect the projects (with input from individuals with functional expertise such as architects, engineers, etc.) to ensure the projects are progressing as required.

This individual should also be responsible for overseeing the development of written policies and procedures to assist in contract compliance oversight.

2) **Departmental Cash Receipts**

**Observation:**

Non-tax revenue is collected at various locations throughout the City. The information associated with these receipts is maintained in each department by means of nonintegrated, stand-alone computer applications or manual accounting records. The variety of formats for maintaining subsidiary receivables and receipts data throughout the City in combination with the relative inaccessibility of this information limits the Finance Department's ability to ensure the accuracy and completeness of its receivables and revenues information.

**Recommendation:**

The City should consider designing a system to account for non-tax revenue information in an integrated manner on a real-time basis. The use of cash registers integrated into the City's financial reporting system or the use of cash receipts module linked to computers in certain departments that handle a large volume of cash receipts can help this process.

3) **Observation:**

Throughout various departments in the City, there was an inadequate segregation of duties in the purchasing function. In many instances, the same person was responsible for requisitioning goods, approving the purchase, receiving the goods, ensuring adequate funds exist in the budget and posting to the G/L.

**Recommendation:**

Internal control over purchases ordinarily requires a separation of duties between the purchasing requisition function, the person approving the invoice for payment and the person posting to the general ledger. This ensures proper monitoring of expenditures. The City may also consider centralizing its purchasing function to further strengthen internal control.

This report is intended solely for the information and use of the members of the Board of Mayor and Aldermen, the City Manager and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

New Haven, Connecticut  
October 29, 2003



**City of Manchester  
Department of Finance**

One City Hall Plaza  
Manchester, New Hampshire 03101  
(603) 624-6460  
(603) 624-6549 Fax

---

## MEMORANDUM

---

**Date:** 1/26/2004

**To:** Department Heads

**From:** Kevin Clougherty

**RE:** FY2003 Management Letter

**CC:**

---

Department Heads:

On Monday, February 9<sup>th</sup> the Aldermanic Committee on Accounts Enrollment and Revenue Administration will be meeting with the City's external auditor, McGladrey and Pullen, to receive the FY2003 audit and Management Letter. Attached for your review and comment is a copy of the Management Letter along with a copy of my response to the auditors. Please feel free to offer any comments or suggestions on how the City might better respond to the concerns raised by the auditors.

Please email comments and suggestions to Lisa Sorenson ([lsorenso@ci.manchester.nh.us](mailto:lsorenso@ci.manchester.nh.us)) by closing of business Friday, February 6<sup>th</sup>, so that they may be copied for the Committee.

Thanks,

Kevin A. Clougherty



# CITY OF MANCHESTER

## Office of the City Clerk



Leo R. Bernier  
City Clerk

Carol A. Johnson  
Deputy City Clerk

Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

February 4, 2004

George Smith, Chairman  
Committee on Accounts, Enrollment  
and Revenue Administration  
c/o Office of the City Clerk  
One City Hall Plaza  
Manchester, NH 03101

RE: Response to FY2003 Management Letter

Dear Mr. Chairman and Committee Members:

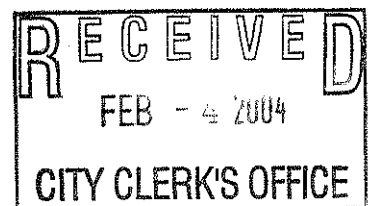
With respect to non-tax revenue, the City Clerk's Office has unique applications that have been designed by the Information Systems Department as well as a State program for Vital Records. Per State statutes, some receipts received in our office require us to track fees that need to be paid to the State of New Hampshire. Our office makes daily deposits, does daily cash receipting and keeps accurate records for proper distribution to general ledger accounts and processing of State fees. Our office would like to see more of an integrated cash receipting system so long as it would be able to incorporate all programs that are utilized in the office, as it would be inefficient to maintain two separate systems.

In a previous audit recommendation regarding separation of duties, our office has already implemented changes so that the individual approving any invoices (i.e. A900's) are not involved in the purchasing, receiving or posting to the general ledger. If the City were to move to centralized purchasing, individual departments may be required to still make purchases relating to their special needs (i.e. printing of ballots, inauguration costs, etc.).

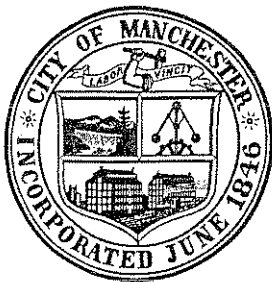
If you have any questions, please contact me at 624-6473.

Sincerely,

Leo R. Bernier  
City Clerk



9



**City of Manchester  
Department of Finance**

One City Hall Plaza  
Manchester, New Hampshire 03101  
Phone: (603) 624-6460  
Fax: (603) 624-6549

January 26, 2004

Alderman George Smith  
C/o Office of the City Clerk  
One City Hall plaza  
Manchester, NH 03101

Dear Alderman Smith,

This letter is submitted as a formal response to the Management Letter prepared by the City's external auditors at McGladrey & Pullen, LLP for the period ending June 30, 2003. (See attached)

- 1) Contract Compliance Officer: The Finance Department concurs with this recommendation. This recommendation has been included in previous Management Letters. The Finance Department again recommends that the Board of Mayor and Alderman refer this item to the Human Resources Committee for implementation.
- 2) Non-tax Revenue: The Finance Department also agrees with this audit recommendation. The observation also has been included in previous Management Letters. The Finance Department recommends that this item be referred to the Committee on Administration so that an implementation strategy can be developed with the Information Systems Department and affected departments.
- 3) Segregation of Duties: The Finance Department agrees with the recommendation, which is also a repeat recommendation from previous Management Letters. The Finance Department has recommended the implementation of a centralized accounting / administrative function to address this concern.

A copy of the Management Letter along with this response has been shared with all city departments soliciting comments and recommendations. Copies of their response are attached.

Respectfully submitted,

Kevin A Clougherty  
Finance Officer

Cc: Mayor Robert A. Baines  
City Clerk

9



**City of Manchester  
Department of Highways**

227 Maple Street  
Manchester, New Hampshire 03103-5596  
(603) 624-6444 Fax # (603) 624-6487

**Commission**

James E. Connolly, Jr.  
- Chairman  
Henry R. Bourgeois  
William F. Kelley  
Edward J. Beleski  
Peter Favreau

Frank C. Thomas, P.E.  
Public Works Director

Kevin A. Sheppard, P.E.  
Deputy Public Works Director

February 4, 2004  
#04-009

Honorable Committee of Accounts, Enrollment and Revenue Administration  
c/o City Clerk's Office  
One City Hall Plaza,  
Manchester, New Hampshire 03101

**Attn:** Alderman George W. Smith, Chmn.

**Re:** *FY 2003 Management Letter*

Dear Alderman Smith and Committee Members:

I disagree with the recommendation that the City needs a Contract Compliance Officer. If funds are allocated to a department and the department utilizes these funds to enter into a contract, the department should be completely responsible for managing both the expenditure of these funds and the contract. If the department cannot properly administer a contract, whether short term or long term, then the department head is not doing his job and should be held accountable. A Contract Compliance Officer will just add another layer of approval required before a project goes to construction. Furthermore, who is better qualified to administer/inspect a contract, the engineer who designed it or a clerical type person in another department? I as the department head am ultimately responsible for administering project funding and contract compliance. In accomplishing this responsibility, I have assigned each project manager the sole responsibility of administering each project from beginning to end. These project managers are responsible to me and I am responsible to the Mayor. If my project managers or I need assistance in carrying out these responsibilities, we have the Finance Department to provide supporting services. Lastly, I am not aware that this is a major problem with departments in the City, are there only a few isolated examples of these problems that possibly should be addressed individually?

9

February 4, 2004

Pg. (2)

I also don't believe there is a citywide problem with the segregation of duties in the purchasing function. This has been an important issue in my Department for well over 15 years and I believe that we have adequately addressed this issue. I further believe that this is also the case in most of the larger departments. In a smaller department, the segregation of duties is sometime difficult due to limited staff. The attached write-up from Cornell University notes that in the case of a small operation, management must take a more active role by checking the work of others. Again, the department head must be responsible for providing the proper controls in his department, whether it's a large or small operation.

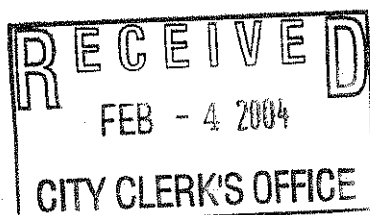
I will be available to answer any questions pertaining to my thoughts on these issues.

Very truly yours,



Frank C. Thomas, P.E.  
Public Works Director

/c



9



### Improper Segregation of Duties

Segregation of duties is an internal control intended to prevent or decrease the occurrence of innocent errors or intentional fraud. This is done by ensuring that no single individual has control over all phases of a transaction.

There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities. The more negotiable the asset, the greater the need for proper segregation of duties - especially when dealing with cash, negotiable checks and inventories.

We often think of cash handling as the place where segregation of duties is most important, because cash is a highly liquid asset. This means that it is easy to take money and spend it without leaving a trail of where it went. Any department that accepts funds, has access to accounting records, or has control over any type of asset should be concerned with segregation of duties.

Some examples of incompatible duties are:

- Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction.
- Receiving checks (payment on account) and approving write-offs.
- Depositing cash and reconciling bank statements.
- Approving time cards and having custody of pay checks.

Separation of duties will only limit problems stemming from incompatible duties. It is possible, though not likely, that collusion will occur, making control procedures ineffective. Management needs to be aware of relationships (family and friends) and be alert to the possibility of collusion.

Also, in a small operation, it is not always possible to have enough staff to properly segregate duties. In those cases, management may need to take a more active role to achieve separation of duties, by checking the work done by others. Sometimes, the knowledge that records will be checked by others is enough to prevent misappropriation of assets.



# MANCHESTER WATER WORKS

281 LINCOLN ST., MANCHESTER, NEW HAMPSHIRE 03103-5093 Tel. (603) 624-6494

## BOARD OF WATER COMMISSIONERS

C. ARTHUR SOUCY  
President

RAYMOND W. PROVENCHER  
Clerk

DONALD P. COUTURIER  
JAMES W. CRAIG  
PATRICIA H. CORNELL  
RICHARD M. BUNKER

Ex Officio  
HON. ROBERT A. BAINES  
Mayor

THOMAS M. BOWEN, P.E.  
Director and Chief Engineer

ROBERT BEAURIVAGE, P.E.  
Asst. Director

February 3, 2004

Alderman George Smith  
C/o Office of the City Clerk  
One City Hall plaza  
Manchester, NH 03101

Dear Alderman Smith:

This letter is submitted by the Manchester Water Works (MWW) in response to the Management Letter prepared by the City's external auditors at McGladrey & Pullen, LLP for the period ending June 30, 2003.

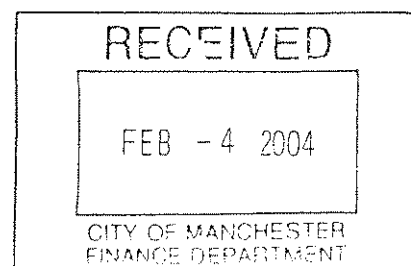
- 1) Contract Compliance Officer: The Water Department oversees long-term contracts utilizing both in-house engineering and accounting professionals and experienced outside consultants. Contract administration is at present appropriately included in the job duties of MWW's 3 Division level managers. For projects of the scale of our \$28M Water Treatment Plant Renovations Project, MWW has both a full-time employee and outside consultant (Camp, Dresser and McKee ) maintaining oversight of this 25-month Project. Finally, all contracts are reviewed monthly by MWW Financial Administrator, as well as, the Director and Assistant Director. MWW believes that sufficient oversight is currently achieved.
- 2) Non-tax Revenue: MWW has no opinion on this recommendation. MWW, however, currently collects 99% of its cash receipts through the City's Lockbox and integrated HTE Cash Receipts System. Miscellaneous cash receipts collected at MWW "over the counter" constitute a minimal level of cash receipt activity.
- 3) Segregation of Duties: MWW agrees that a separation of duties is necessary for proper control of the purchasing function but does not feel that centralized purchasing is needed to accomplish this. MWW currently maintains proper segregation of duties in the requisition, purchasing, receiving and posting functions in the purchasing of goods and services.

Should you have any questions concerning the above, please feel free to contact me and MWW staff would be happy to discuss them with you.

Respectfully Submitted,

Thomas M. Bowen, P.E.  
Director

cc: Mayor Robert A. Baines  
City Clerk  
Philip Croasdale, Water Financial Administrator  
Kevin Clougherty, City Finance Officer



**DRAFT Resolution in Opposition to HB 1416**

**Whereas**, cities and towns rely on property taxes for the funding of local services, and

**Whereas**, property tax exemptions narrow the existing property tax base, and

**Whereas**, private profit-making entities owning property are expected to pay their fair share of property taxes in their host communities to fund commonly used infrastructure and services, and

**Whereas**, the telephone industry has not been paying its fair share of property taxes to the state or its municipalities due to its longstanding exemption, and

**Whereas**, there is legislation, to wit HB 1416 currently before the House Ways and Means Committee, to make this exemption permanent, and

**Whereas** this exemption has caused a hardship to cities and towns and to the taxpayers who have subsidized this exemption,

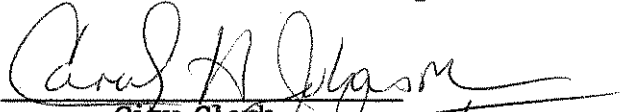
**Now, therefore, be it resolved** that Council/ Board of Selectmen/Aldermen of the Town/City of \_\_\_\_\_ believes that the exemption from the property tax enjoyed by telephone companies should be repealed, and

**Be it further resolved** that the Council/ Board of Selectmen/Aldermen of the Town/City of \_\_\_\_\_ urges the House Ways and Means Committee and all members of the New Hampshire House of Representatives to vote HB 1416 Inexpedient to Legislate.

**March 3, 2004.**

**In Board of Mayor and Aldermen.**

**On motion of Alderman Porter, duly seconded by Alderman DeVries, it was voted that matters pertaining to HB 1416-FN including the amended version be referred to the Committee on Administration/Information Systems to monitor.**

  
\_\_\_\_\_  
City Clerk

Rep. Major, Rock. 79  
February 18, 2004  
2004-0540h  
09/01

As passed in House  
Ways and Means  
2-18-04  
12-6 vote

Amendment to HB 1416-FN

1 Amend the title of the bill by replacing it with the following:

2  
3 AN ACT extending the property tax exemption for wooden poles and conduits and  
4 establishing a committee to study issues related to the exemption.  
5

6 Amend the bill by replacing all after the enacting clause with the following:

7  
8 1 Prospective Repeal Date Extended for Exemption of Wooden Poles and Conduits Under RSA  
9 72:8-b. Amend 1998, 304:6, I as amended by 1999, 163:7, 2001, 158:2, and 2003, 270:8 to read as  
10 follows:

11 I. Section 5 of this act shall take effect July 1, [2004] 2006.

12 2 Committee Established. There is established a committee to study issues related to the  
13 property tax exemption for wooden poles and conduits.

14 3 Membership and Compensation.

15 I. The members of the committee shall be as follows:

16 (a) Three members of the house of representatives, appointed by the speaker of the  
17 house.

18 (b) Three members of the senate, appointed by the president of the senate.

19 II. Members of the committee shall receive mileage at the legislative rate when attending to  
20 the duties of the committee.

21 4 Duties.

22 I. The committee shall consider issues related to the property tax exemption for wooden  
23 poles and conduits, including but not limited to:

24 (a) Whether the property tax exemption for wooden poles and conduits should be  
25 continued.

26 (b) The feasibility of sharing communications services tax and potential property tax  
27 revenues between local communities and the state.

28 (c) Wireline companies profits, the pass through to customers of any property tax, and  
29 the public benefits provided by wireline companies and the property tax exemption.

30 (d) Methods to access poles. *Access and*

31 II. The public utilities commission shall provide information and assistance to the  
32 committee, upon the request of the committee.

10

Amendment to HB 1416-FN

- Page 2 -

1       5 Chairperson; Quorum. The members of the study committee shall elect a chairperson from  
2 among the members. The first meeting of the committee shall be called by the first-named house  
3 member. The first meeting of the committee shall be held within 45 days of the effective date of this  
4 section. Four members of the committee shall constitute a quorum.

5       6 Report. The committee shall report its findings and any recommendations for proposed  
6 legislation to the speaker of the house of representatives, the senate president, the house clerk, the  
7 senate clerk, the governor, and the state library on or before November 1, 2004.

8       7 Effective Date.

9           I. Section 1 of this act shall take effect June 30, 2004.

10          II. The remainder of this act shall take effect upon its passage.

10

2004-0540h

AMENDED ANALYSIS

This bill extends the prospective repeal of the property tax exemption for wooden poles and conduits to July 1, 2006.

The bill also establishes a study committee on issues related to the property tax exemption for wooden poles and conduits.

10

## HB 1416-FN - AS INTRODUCED

2003 SESSION

03-2346

09/10

HOUSE BILL ***1416-FN***

AN ACT relative to a permanent property tax exemption for wooden poles and conduits.

SPONSORS: Rep. Hess, Merr 37; Rep. Thomas, Belk 31; Rep. Roessner, Rock 83; Rep. DeStefano, Merr 41; Sen. D'Allesandro, Dist 20; Sen. Odell, Dist 8; Sen. Boyce, Dist 4

COMMITTEE: Ways and Means

## ANALYSIS

This bill makes permanent the property tax exemption for wooden poles and conduits, which is currently repealed as of July 1, 2004.

The bill also changes the membership and duties of the telecommunications oversight committee.

This bill was requested by the committee established by 2003, 270 (HB 705)

-----

Explanation: Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struckthrough~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

03-2346

09/10

## STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Three*

AN ACT relative to a permanent property tax exemption for wooden poles and conduits.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 Repeal of Prospective Repeal Date for Exemption of Wooden Poles and Conduits Under RSA 72:8-b. 1998, 304:6, I as amended by 1999, 163:7, 2001, 158:2, and 2003, 270:8, relative to the prospective repeal date for exemption of wooden poles and conduits, is repealed.

2 Telecommunications Oversight Committee; Membership Expanded. Amend RSA 374:22-h, I to read as follows:

I. There shall be an oversight committee on telecommunications consisting of 14 members as follows:

(a) ~~Seven~~ *Nine* members of the senate, *one of whom shall be a member of the ways and means committee*, appointed by the president of the senate.

(b) ~~Seven~~ *Nine* members of the house ~~[science, technology and energy committee]~~, appointed by the speaker of the house. *Of these members, 7 shall be members of the science, technology and energy committee; one shall be a member of the ways and means committee; and one shall be a member of the municipal and county government committee.*

3 New Paragraph; Telecommunications Oversight Committee; Duties. Amend RSA 374:22-j by inserting after paragraph XVI the following new paragraph:

XVII. Examining the application of the communications services tax, including the impact of any related federal legislation.

4 Effective Date.

I. Section 1 of this act shall take effect June 30, 2004.

II. The remainder of this act shall take effect 60 days after its passage.

LBAO

03-2346

Revised 1/15/04

#### HB 1416 FISCAL NOTE

AN ACT relative to a permanent property tax exemption for wooden poles and conduits.

#### FISCAL IMPACT:

The Department of Revenue Administration states this bill will have no fiscal impact on state, county, and local revenue or expenditures.

#### METHODOLOGY:

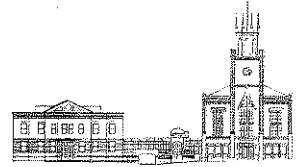
The Department states this bill will make permanent the property tax exemption for wooden poles and conduits which is scheduled to be repealed as of July 1, 2004. The Department did not indicate a fiscal impact, since this bill extends the current property tax treatment of wooden poles and conduits.





# CITY OF MANCHESTER

## Office of the City Clerk



Leo R. Bernier  
City Clerk


Carol A. Johnson  
Deputy City Clerk

Paula L-Kang  
Deputy Clerk  
Administrative Services

Matthew Normand  
Deputy Clerk  
Licensing & Facilities

Patricia Piecuch  
Deputy Clerk  
Financial Administration

Memo To: Board of Mayor and Aldermen

From: C. Johnson   
Deputy City Clerk

Date: March 1, 2004

Re: Agenda Item #6, HB1416

Enclosed is additional information the Board of Assessors has requested be forwarded to you relating to Item 6 of the Board's March 3<sup>rd</sup> agenda.

C: S. Tellier

10



Local Government Center

New Hampshire Municipal Association  
Workers' Compensation Trust  
Property-Liability Trust  
Health Trust

## ***N. H. Municipal Association***

PO Box 617, Concord, NH 03302 • (603) 224-7447

### **Frequently Asked Questions re: HB 1416**

As the debate has progressed about the issues surrounding the taxation of telephone poles, wires, and conduits, several local officials have asked for a list of frequently asked questions and the responses to them.

***Isn't assessing a property tax on telephone poles and wires instituting a new tax?***

No. Not only has the property tax been the primary revenue source designated by the State for municipal purposes for well over a hundred years, the State assessed its own personal property tax against the telephone companies until 1990. At that time, the State repealed that property tax and imposed the communications services tax. That tax is not a tax on the telephone companies, per se, but on the users of communications services. Anyone who uses the telephone is charged the tax, including all businesses and residences that also pay a property tax.

So, the property tax is neither a new tax nor new to the telephone companies. What is "new" is that municipalities would receive the tax revenue, instead of the State receiving those moneys.

***If a property tax is reinstituted on telephone company poles and wires, won't the companies automatically increase telephone rates on all customers?***

No. According to at least one telephone company representative, not only would there be no automatic increase in rates, but the phone companies would evaluate whether, from a business sense, it was prudent to pass the costs on to customers through a rate increase. If the companies determined such a rate increase was prudent, they would have to go to the Public Utilities Commission for approval of the rate increase.

***If this property tax is re-instituted, won't the telephone companies be double taxed?***

10

No. The communications services tax is a tax on customers, not on telephone companies. The companies simply collect the tax on the State's behalf, like restaurant and hotel owners collect the meals and rooms tax for the State. The telephone companies only pay the tax themselves to the extent that they use telephone services, just like any other business or residential customer in the state.

*Won't it be difficult to assess the telephone company poles and wires, since it's never been done before?*

No. Currently, electric poles are assessed and conduits from other utilities are regularly assessed. While it may add to the duties of assessors at first, there has been no opposition from assessors nor any expression of inability to accomplish the assessment.

*Shouldn't the State be sensitive to the competitive issues facing telephone companies and adjust taxes to accommodate their unique situation?*

All businesses compete. Given this age of technology, there may be several types of businesses that could be at a significant competitive disadvantage because they require real property to conduct their businesses in New Hampshire, while other businesses can operate out of "virtual" offices, thus eliminating the property tax as a business expense. Should these businesses receive a property tax exemption to allow them to compete more favorably?

While telephone companies may be a regulated monopoly, which not all businesses are, they still receive a return on their investment that the PUC reviews for fairness and equity. If the return on investment is unreasonably low, the PUC allows a rate increase. Telephone companies should not also be allowed to avoid paying taxes.

*Would NH be the only state to assess a property tax against the telephone companies' poles and wires?*

No. All but 2 states assess a tax against this kind of utility property. Some states call it a personal property tax, while others call it a real estate tax. In many cases, the money goes directly to local government, even when the State assesses or collects the tax. In most cases, the State shares at least a portion of the revenues with cities and towns.

Shall the municipality approve the charter amendment summarized below?

To amend the city charter to provide that the ballot for the municipal primary election shall list all candidates for office even if there is only one candidate for a municipal office and that the ballot for the municipal primary election shall provide the opportunity to write in candidates for all municipal offices.

#### **SECTION 5.07 PRIMARY SYSTEM.**

~~(a) In the event, two candidates or fewer, or in the case of at-large aldermanic and school committee elections four candidates or fewer, file for an elected office, the primary election for said office will be declared unnecessary by the city clerk, who shall then declare the candidates nominated and place them upon the municipal general election ballot.~~

(a) There shall be a municipal primary election for all municipal offices conducted in accordance with Section 5.03

(b) In each primary election, the two candidates, or four candidates in the case of an at-large aldermanic and school committee elections, receiving the highest number of votes shall be selected from those running for said office and shall be placed on the general election ballot.

#### **SECTION 5.32 BALLOTS.**

(a) *Preparation by city clerk.* The city clerk shall prepare sufficient official and sample ballots and all related material for use at the municipal primary election and municipal general election.

(b) *Format.* The ballot position for candidates in each of the elective offices in the city shall be alphabetical by surname. The ballot for the municipal primary election shall list all candidates for municipal office.

(c) *Delivery.* The ballots shall be delivered to the moderator or other officer in charge of the election within one (1) hour of the election.

(d) *Write in votes.* All ballots shall make provisions for write in votes for all municipal offices. If a candidate receiving write in votes qualifies as a winner of a primary or general election, that candidate shall be included on the general election ballot or declared elected as if qualified under the other provisions of this charter, if otherwise qualified to hold the office.